Financial Management Plan Update

City Council adopted the Financial Management Plan (FMP) on March 20, 2020. The Plan sets forth the guidelines against which current and future financial performance will be measured and provides a sustainable long-term approach for the City's fiscal strategy.

Periodic review and reporting on the (FMP) are done in accordance with *OurWinnipeg*. The following provides a progress report on the FMP goals, which are aligned to *OurWinnipeg* goals of Leadership & Good Governance, and Economic Prosperity**.** The measures reported against the financial management plan goals include the financial implications of the COVID-19 pandemic.

The following is a summary of the goals and results for 2021 to 2024 Financial Management Plan.

#	*OurWinnipeg* Goal	FMP Goal	2024 Status	2023 Status	2022 Status	2021 Status
1	Economic Prosperity	Ensure a sustainable revenue structure **Target:** A revenue structure that keeps pace with inflation adjusted for growth	✓	✓	✗ *	✗ *
2	Economic Prosperity	Support a sustainable and competitive tax environment **Target:** A stable and competitive taxation system	✓	✓	✗	✓
3	Economic Prosperity	Support Economic Growth **Target:** Increase assessment base	✓	✓	✓	✓
4	Leadership and Good Governance	Support long-term financial planning **Target:** Transition to multi-year balanced tax supported operating budgets	✓	✓	✓	✓
5	Leadership and Good Governance	Build, maintain and enhance infrastructure **Target:** Continue to implement leading practices for asset management	✓	✓	✓	✓
6	Leadership and Good Governance	Manage expenditures **Target:** Operating expenditure increases should not exceed inflation adjusted for population growth	✓	✓	✓	✓
7	Leadership and Good Governance	Manage debt **Target:** That debt issuance and outstanding debt is in accordance with the debt management policy and debt strategy	✓	✓	✓	✓
8	Leadership and Good Governance	Ensure adequate reserves and liquidity **Target/Measure:** Reserve balances maintained at Council approved levels	✗	✗	✗	✓ **

***** Primarily due to financial impacts of the COVID-19 pandemic.
** Impacts of the COVID-19 pandemic addressed with Federal Safe Restart program and other mitigating measures.

Leadership and Good Governance

Economic Prosperity

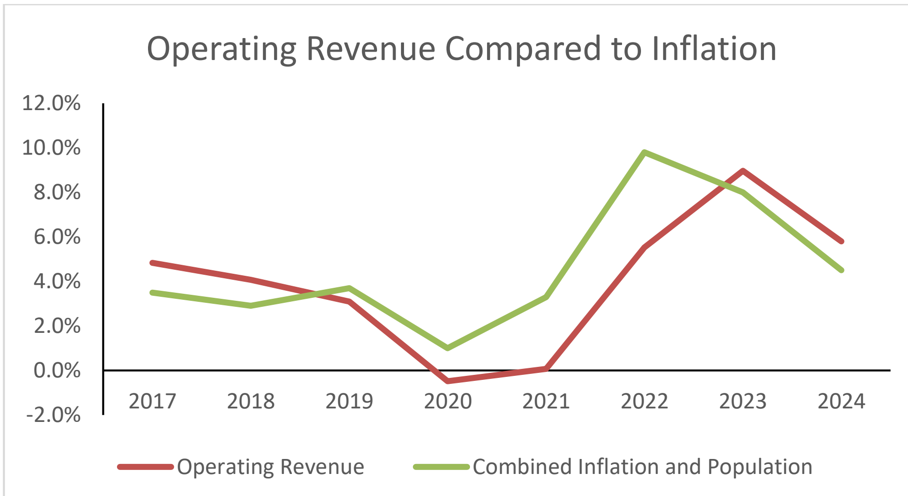
Goal #1: Ensure a sustainable revenue structure

Target: A revenue structure that keeps pace with inflation adjusted for growth
Measure: Increase in operating revenue should be, at a minimum, inflation adjusted for population growth.

2024 Result vs. Target: ✓

Between 2023 and 2024, inflation adjusted for population growth, was 4.5%. Operating revenues for the city for this same period increased by 5.8% while total consolidated revenues increased by 2.5%.

During this period municipal taxes grew at a rate of 3.50% for increases for improvements to local and regional streets and bridges (2%) and for operations (1.50%). Frontage levy rate maintained at $6.95 per foot.



Sales and service revenue, and regulatory fees increased mainly due to higher water and sewer usage, and increased recycling revenues. Provincial transfers were consistent with 2023. Investment income and other revenue increased due to higher interest rates and recognition of a settlement for the City's police headquarters.

For more information on revenue variances refer to the City's 2024 Annual Financial Report.

The 2024 to 2027 Multi-Year Budget includes new and above inflation fee increases such as 911 monthly levy of $1 per phone line, accommodations tax increase of 1% in 2024, 4-year water and sewer rates, 10 cent transit fare increases, and other fees and charges increases. Fees and charges rate increased at 5% in each of 2024 and 2025 and projected to increase by 2.5% in each of 2026 and 2027. The 2024 and 2025 rate increases are consistent with the high inflationary increases in 2022 and 2023, while smoothing out the impact to users for latter years (2026 and 2027).

The city recognizes the need for new long-term growth revenue sources to be able to continue providing the level of services its citizens expect and to maintain a sustainable revenue structure to avoid future years' operational deficits.

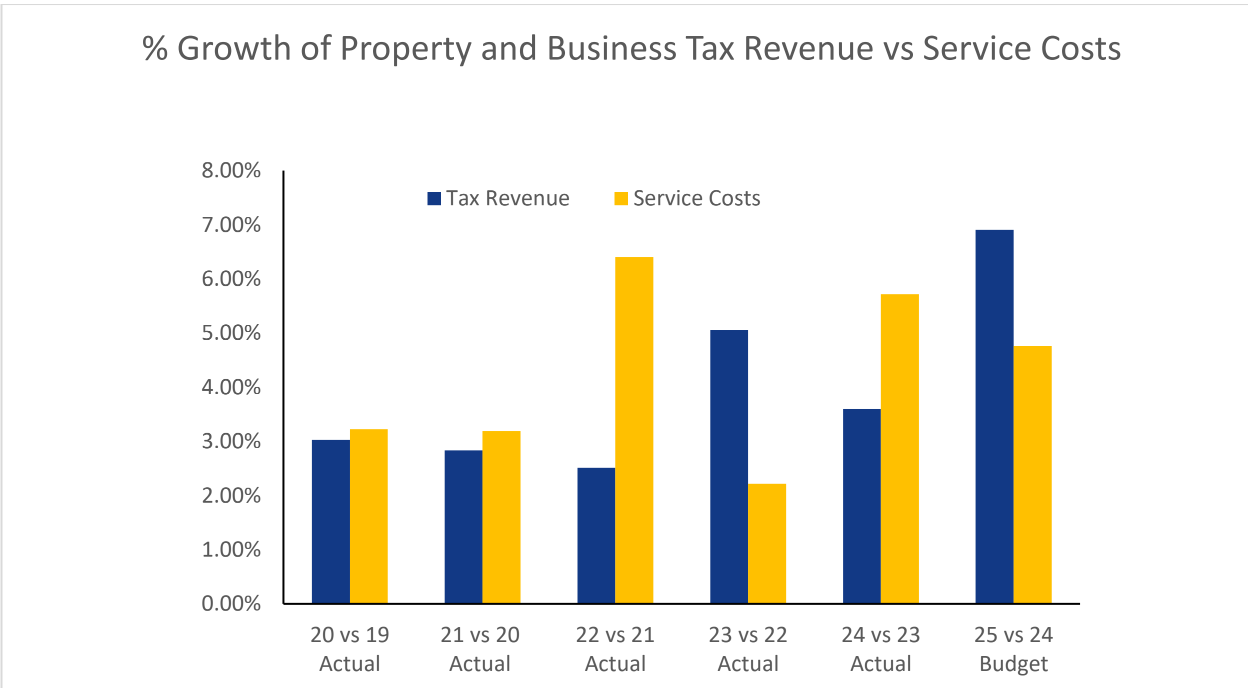
Goal #2: Support a sustainable and competitive tax environment

Target: A stable and competitive taxation system

Measure: Assessing that taxation levels adopted through multi-year budgets meet service requirements.

Result vs. Target: ✓

In 2024, the City approved a 4-year balanced multi-year operating budget and a 6-year balanced capital budget with tax increases of 3.50% dedicated to infrastructure and operational funding. The balancing of both the operating and capital budgets over four years indicates that taxation levels are sufficient to meet current operating service requirements. An estimated amount equivalent to 1.50% property tax increase was allocated to the operating budget in 2024 and increased to 3.95% in 2025.

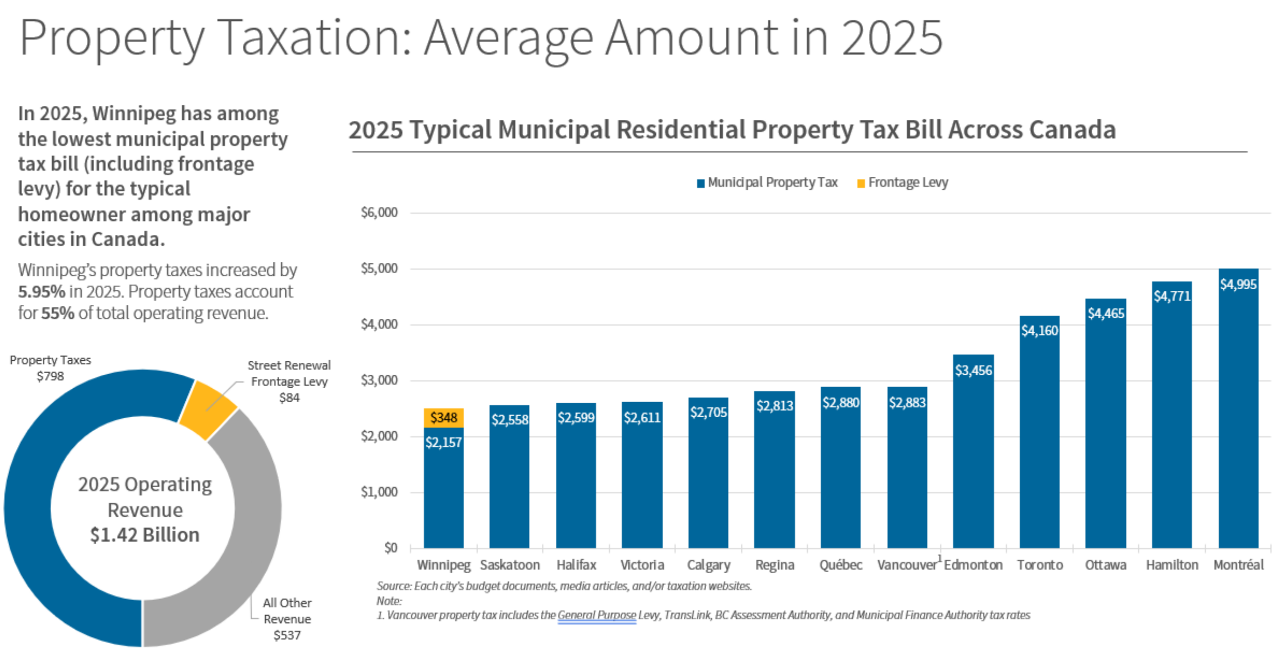


This chart shows the relationship between the percentage growth in property and business tax revenue compared to tax supported service costs. 2025 tax revenue budget increased by 6.9% in comparison to 4.8% in tax supported costs. This is primarily due to tax revenue increases at rates faster than other revenues, with government grants decreasing by 7.7% in 2025 over 2024. Note that 2024 actual tax revenue increased by 3.6% in comparison to 5.7% in tax supported service costs. The average growth rate from 2021 to 2025 budget for property and business taxes is about 4.47% in comparison to 4.43% for service costs.

Based on tax increases and projected growth in the tax base, it is anticipated that future taxation increases will exceed the anticipated growth of the cost of service. Property and business taxes will increase by an average of 5.1% from 2025 to 2027, in comparison to ~4.0% for service costs for the same period.

Source: Prior periods actual results and 2025 Adopted Budget

The city works with its partners, CentreVenture and Economic Development Winnipeg to encourage development in the city. As well, the table below illustrates that the City continues to have one of the lowest property taxes compared with other Municipalities.



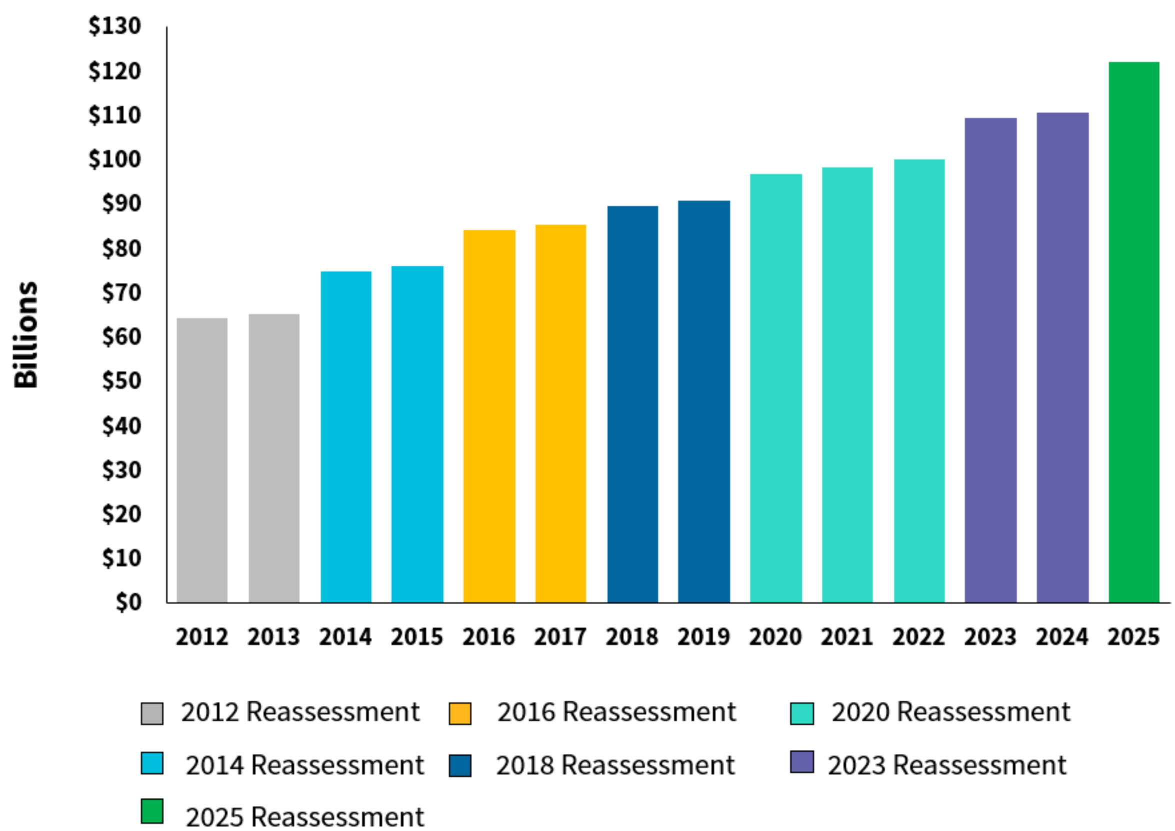
The above data does not consider infrastructure. The 2024 Infrastructure Plan identifies an infrastructure deficit of ~$8.0 billion for infrastructure needs over a 10-year period ending in 2033 (refer to goal #5). This deficit reflects additional service requirements in future years and the city will need to consider other funding sources for these projects in future years' budgets, if current taxation levels are to be maintained.

Goal #3: Support Economic Growth

Target: Increase assessment base
Measure: Growth in the assessment base.

Result vs. Target: ✓

Based on the data below, the City's property assessment base has been growing annually from 2012 to 2025. The 2025 assessment base has increased 10.4% from 2024.



Note: Property is reassessed every two years under provincial legislation. Manitoba's reassessment cycle changed to three years in 2023 only to allow real estate market trends impacted by COVID-19 pandemic to be more accurately reflected in property assessments. The cycle returned to every two years with 2025 being a reassessment year.

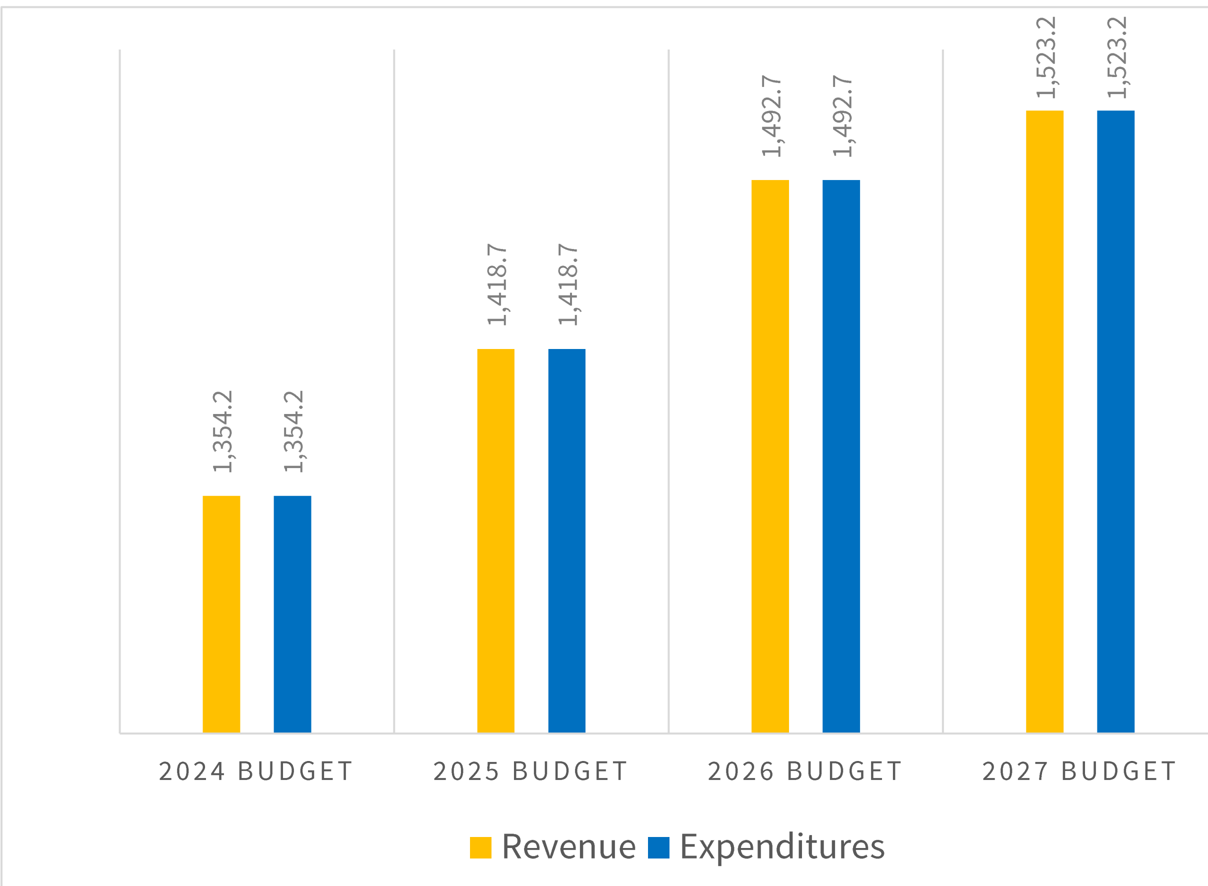
Goal #4: Support long-term financial planning

Target: Transition to multi-year balanced tax supported operating budgets

Measure: Successful adoption of a multi-year balanced budget

Result vs. Target: ✓

On June 21, 2018, Council directed the Public Service to start a process to implement a multi-year budget approach effective for the 2020 budget year, with a focus on addressing the structural deficit in tax-supported City operations. Prior to the City of Winnipeg's 2020 multi-year budget process, the city had a structural deficit in its tax supported operating budget. A structural deficit is a deficit that results from a persistent and underlying imbalance between budgetary revenues and expenditures. On March 20, 2020, Council adopted the 2020 – 2023 Operating and Capital Budget, which includes the City's first four-year balanced operating budget. The 2020 multi-year budget process eliminated these deficits and balanced the budget such that operating expenditures would equal operating revenues for 2020 through to 2023. The City's second balanced multi-year tax supported budgets are shown below.



Goal #5: Build, maintain and enhance infrastructure

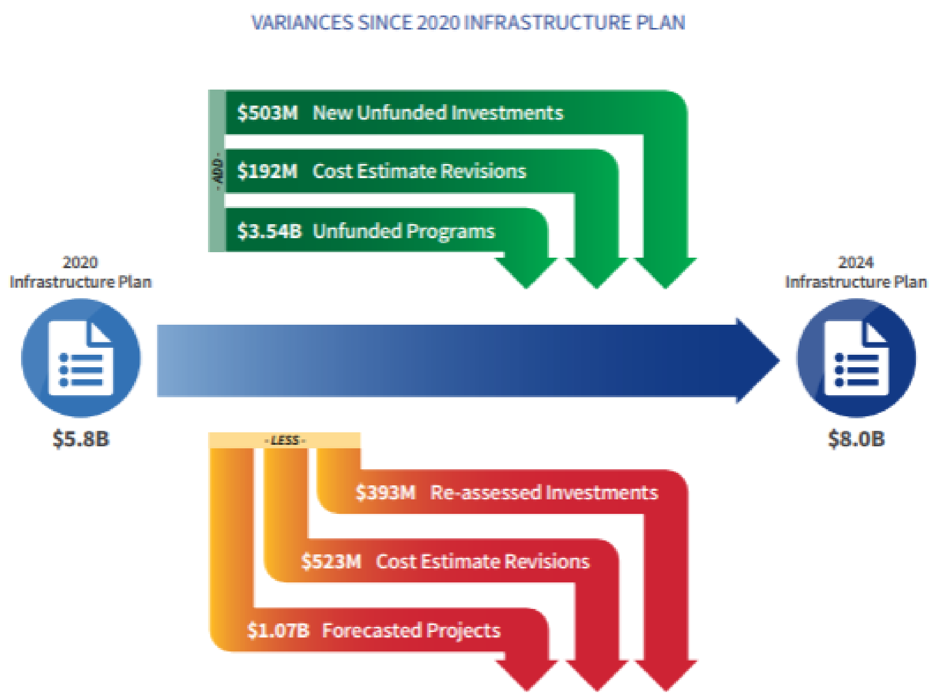
Target: Continue to implement leading practices for asset management
Measure: How effective budget decisions are on impacting the infrastructure deficit

Result vs. Target: ✓

The City's 2024 Infrastructure Plan incorporates a four-year update that expands upon the information previously outlined in the 2020 Infrastructure Plan and makes connections to primary and secondary planning documents such as OurWinnipeg 2024, Complete Communities 2.0, Poverty Reduction Strategy and the Climate Change Action Plan. The Infrastructure Plan also makes connections to the themes outlined in the Strategic Priorities Action Plan (SPAP).

Having additional insight and a broad overview of the City's infrastructure needs and financial reality, the Infrastructure Plan is intended to be a 10-year blueprint for maintaining sustainable and affordable service delivery for residents by incorporating the information from the Infrastructure Plan into the City's investment planning cycle and multi-year budget process.

Since the 2020 Infrastructure Plan, Council approved significant capital funding towards the City's top priorities identified in the plan. Three projects have been completed and 12 projects which were previously unfunded are now forecasted in the 2024 budget. This equates to just over $1 billion in strategic investments across a multitude of services.



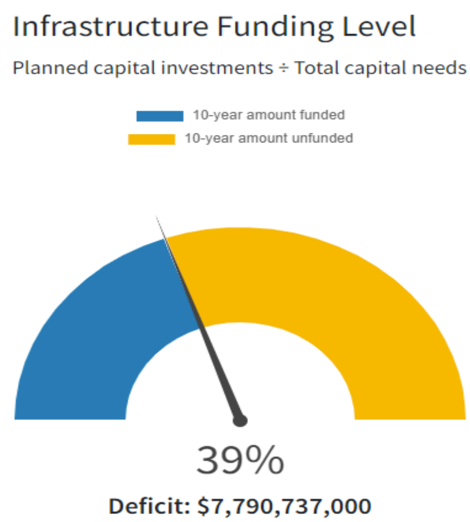
Note that the increase to the City's infrastructure deficit is the net result of several factors:

- An expanded scope that now includes Programs (above the $5 million threshold)
- Newly identified investment needs
- Project cost estimate revisions and refinement since 2020 and
- Previously unfunded projects receiving capital budget approvals, investments that were re-assessed or have been identified beyond 2033

According to the City's 2024 Infrastructure Plan, Winnipeg's capital infrastructure deficit over 10 years (2024 to 2033) is now estimated at $7.8 billion.

This equates to an Infrastructure Funding Level of 39%. This means that the approved capital budget is addressing 39% of the City's total infrastructure needs from 2024-2033 (investments over $5 million only).

[2024 Infrastructure Plan]
(Source: downloaded on October 24, 2025)



The Public Service will continue to monitor approved infrastructure investments over a period of time to help establish a recommended financial investment target that aligns with the City's total infrastructure needs.

Tracking investment performance and establishing targets helps determine how effective the investments decisions were at reaching that target. The results would inform how long-term strategies would need to be adjusted in support of future investment needs.

The Public Service is advancing the City's Asset Management Program by enhancing the tools available for departments to use, such as lifecycle costing, when considering capital investments. The Infrastructure Plan is a key tool to better inform decision-making during the multi-year budget process and has been improved by providing more access to data through an interactive, on-line platform.
https://www.winnipeg.ca/infrastructureplan

Continuing to provide detailed information about the City's infrastructure as a whole and understanding the total cost of owning and operating an asset offers a holistic overview of the City's infrastructure needs.

The Public Service is also leveraging technology by means of an innovative, digital platform to automate the investment planning process. This automation will enhance data accuracy and integrity, reduce manual inputs, and provide real-time reporting to ensure decisions are based on the most current and reliable information.

Additionally, it will align data from multiple departments, creating a unified, single source of truth. This alignment will foster better collaboration and lead to more effective and cohesive investment decisions.

Another fundamental element that has recently been completed was the development of a Level of Service (LOS) Framework. Establishing LOS is foundational to an evolving asset management program that balances costs, opportunities, and risks against the desired LOS. Having a clearly defined LOS framework allows strategic objectives to be linked with customer expectations and the technical performance of an asset. It also allows the Public Service to use target levels of service as a baseline during lifecycle analysis and to evaluate the impacts of changes to LOS.

Goal #6: Manage expenditures

Target: Operating expenditure increases should not exceed inflation adjusted for population growth

Measure: Increases in operating expenditures over the prior year do not exceed inflation adjusted for population growth

Result vs. Target: ✓

Between 2023 and 2024, inflation adjusted for population growth, was 4.5%. The consolidated City expenditures growth of $162.3 million or 8.5% ($1.915 billion in 2023 vs. $2.077 billion in 2024). Year over year increases in expenditures are primarily due to salaries and benefits related to collective agreements, overtime and workers compensation costs, higher borrowing costs related to capital, higher costs for snow removal and street maintenance and other cost pressures. 2024 result did not meet the target for this measure.

2024 Result vs. Target: ✗

2024 Consolidated Financial Statements by Category

Actual (in millions of $)	2024	2023	Increase/(Decrease)	
	$	$	$	%
Salaries and Benefits	1,081.4	997.6	83.8	8.4%
Goods and Services	558.4	522.6	35.8	6.9%
Interest	78.7	62.4	16.3	26.1%
Other	359.2	332.8	26.4	7.9%
Consolidated expenses	**2,077.7**	**1,915.4**	**162.3**	**8.5%**

2024 Compared to 2020 Operating Expenses

In reviewing the 5-year data, total consolidated expenses had increased from $1.7 billion in 2020 to almost $2.1 billion in 2024 or a 20% increase. This expenses growth rate of 20%, is lesser than the combined CPI and population growth rate for the same period (26.7%). The table below also demonstrates that Protection and Community Services, Utilities and Public Works accounts for ~75% of the increase.

2024 Consolidated Financial Statements By Function

Actual (in millions of $)	2024	2020	Increase/(Decrease)	
	$	$	$	%
Protection and community services	651.2	560.5	90.7	16.2%
Utilities	582.0	465.9	116.1	24.9%
Public Works	385.0	336.2	48.8	14.5%
Other Services including civic corporations (i.e. Permits, Libraries, General Government, etc).	459.5	365.0	94.5	25.9%
Consolidated expenses	**2,077.7**	**1,727.6**	**350.1**	**20.3%**

5-year (2020 to 2024) Result vs. Target: ✓

Source: City of Winnipeg 2024 and 2020 Annual Financial Reports

Goal #7: Manage debt

Target: That debt issuance and outstanding debt is in accordance with the debt management policy and debt strategy

Measure: Net Debt as a percentage of revenue

2024 Result vs. Target: ✓

Measuring net debt as a percentage of operating revenue indicates the organization's ability to service debt.

To help manage the City's debt responsibly and transparently, on February 22, 2024, Council approved an updated debt strategy for the city which removed debt per capita and debt servicing as a percentage of revenue metrics and streamlined measurements using the city as a whole. The following table provides the City Council approved limits and debt metrics as at December 31, 2024. It is anticipated that these actual ratios will increase in the next several years as the city undertakes planned increases in capital investment.

Debt Metrics	Maximum	As at December 31, 2024	Forecasted Peak
Debt as a % of revenue			
City	100.0%	65.2%	94.2%

Note: "Forecasted Peak" does not account for the implications of consolidated accounting entries.

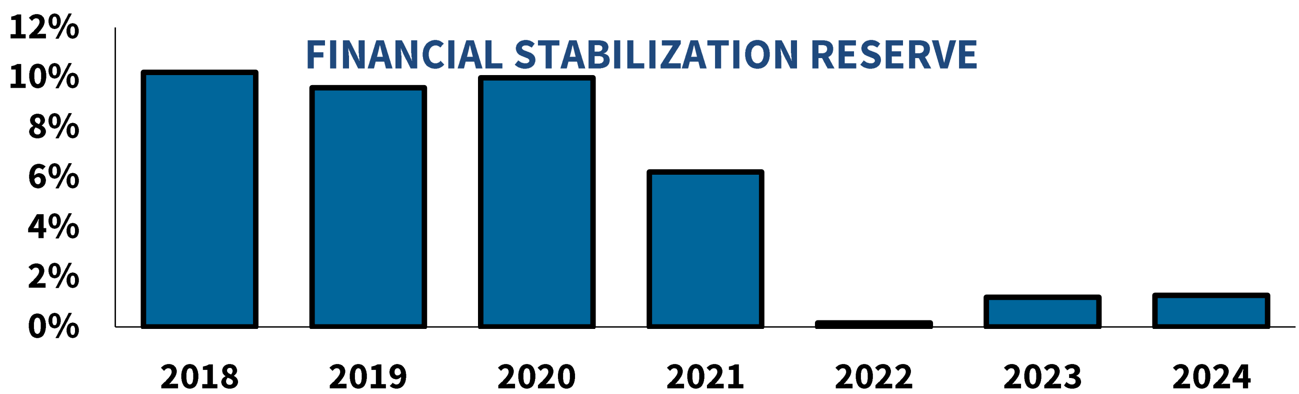
Source: City of Winnipeg 2024 Annual Financial Report

Goal #8 Ensure adequate reserves and liquidity

Target / Measure: Reserve balances maintained at Council approved levels

2024 Result vs. Target: ✗

Maintaining adequate reserves provides the City with the ability to respond to unexpected events and extraordinary situations, maintain stable taxes, and ensure sufficient funds are available for major capital projects. Reserves include the Financial Stabilization Reserve, various capital and special purpose reserves.



On March 23, 2015, Council approved a change in the level for the Financial Stabilization Reserve Fund (FSR) from 8% to 6% of tax supported expenditures. The ending balance in the FSR in 2024 is below the target level at 1.26% of tax supported expenditures.

The city is continuing to face operational pressures and economic factors such as inflation, COVID-19 pandemic, significant snow events, over-expenditures in key departments and delays in implementing new revenue streams, which have required draws from the FSR over the years. As a result, the FSR balance continues to be below the threshold amount in 2024. On June 26, 2025, *Council approved interim measures to partially replenish the Financial Stabilization Reserve for 2025*. Additional measures to replenish the reserve will be considered in the 2026 budget process.

Special Purpose Reserves are projected to remain fairly stable with balances hovering around $480 million per year. However capital reserves are expected to decrease significantly from $251 million in 2024 to $120 million in 2027, primarily due to planned expenditures in the Environmental Projects Reserve. Refer to page 85 of the 2025 Adopted Budget.

Having sufficient liquidity also ensures the City's ability to respond to unexpected events and is an important factor in credit rating determination as it is one indicator of the City's ability to service its financial obligations.

City liquidity is at 52.8% for December 2024 (see page 36 of the 2024 Annual Financial Report). The city continually monitors its reserve and liquidity positions against future requirements to ensure adequate balances are maintained.